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8
UNITED STATES BANKRUPTCY COURT
9
CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION

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11 In re
12 SOLID LANDINGS BEHAVIORAL
HEALTH, INC., *et al.*,
13
14 Debtors and
Debtors-In-Possession.
15

-
- 16 Affects Cedar Creek Recovery, Inc. Only
17 Affects EMS Toxicology Only
18 Affects Silver Rock Recovery Only
19 Affects Solid Landings Behavioral
Health, Inc. Only
20 Affects Sure Haven, Inc. Only
 Affects All Debtors

Case No. 8:17-bk-12213-CB

Jointly Administered With Case No. 8:17-bk-12218; Case No. 8:17-bk-12221; Case No. 8:17-bk-12222; Case No. 8:17-bk-12223

Chapter 11

**FIFTH POST-CONFIRMATION STATUS
REPORT**

Hearing Date and Time:

Date: January 29, 2020
Time: 10:00 a.m.
Place: 411 West Fourth Street
Courtroom 5D
Santa Ana, CA 92701

1 **TO THE HONORABLE CATHERINE E. BAUER, UNITED STATES BANKRUPTCY
2 JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, AND POST-EFFECTIVE
3 DATE NOTICE PARTIES:**

4 Howard B. Grobstein (the “Liquidating Trustee”), the Liquidating Trustee for the
5 Liquidating Trust of Solid Landings Behavioral Health, Inc., et al., hereby submits this post-
6 confirmation status report.

7 On March 22, 2018, the Court entered an order confirming the *Joint Plan of Liquidation of*
8 *Solid Landings Behavioral Health, Inc., and Its Affiliated Debtors, and the Joint Committee of*
9 *Creditors Holding Unsecured Claims in Solid Landings Behavioral Health, Inc., EMS Toxicology,*
10 *and Sure Haven, Inc., Dated November 1, 2017* (the “Plan”) [Docket No. 401]. As such, pursuant
11 to the Plan, the “Effective Date” of the Plan was April 9, 2018. On that date, the Liquidating
12 Trustee was appointed to administer the Liquidating Trust.

13 **I. Payment of Administrative and Priority Claims**

14 Following the Effective Date, the Trustee made distributions to all holders of allowed
15 priority claims and priority tax claims. There remains approximately \$119,000 in cash on hand.

16 Pursuant to the Plan, the Administrative Claims Bar Date was 30 days following the
17 Effective Date. With the exception of professionals (discussed below), no entity filed an
18 administrative claim by that deadline.

19 **II. Pre-Effective Date Professional Fee Claims**

20 On May 2, 2018, the Court held a hearing on the pre-Effective Date professional fee claims
21 of the Levene Neale Bender Yoo & Brill, L.L.P. (Debtors’ counsel), Landau Gottfried & Berger
22 LLP (Committee’s counsel); GGG Partners, LLC (Debtors’ CRO); and Lewis Brisbois Bisgaard &
23 Smith LLP (Debtors’ special counsel). All applications were granted in full and have been paid as
24 provided in the Court’s orders.

25 **III. The Contempt Motion Against the Former Shareholders and their Counsel**

26 On August 30, 2017, Steve Fennelly and Elizabeth Perry (the “Former Shareholders”) filed
27 a Complaint against, inter alia, Gerik Degner, Alpine Pacific Capital, LLC (“Alpine”), and the
28 Morgan Lewis law firm in the Superior Court of the State of California, County of Orange, case no.

1 30-2017-00900877-CU (“State Court Action”). The Liquidating Trustee informed the Former
2 Shareholders that a substantial portion of the claims in the State Court Action belong to the
3 Debtors’ estate, and requested that the Former Shareholders amend and/or withdraw the Complaint.
4 Counsel for the Former Shareholders agreed to amend the Complaint, and the State Court Action
5 was put on hold. Subsequently, the Liquidating Trustee and the Former Shareholders agreed, in
6 principal, to a deal pursuant to which the Liquidating Trustee agreed to sell the Liquidating
7 Trust/estate’s claims (other than avoidance actions) to the Former Shareholders in exchange for a
8 percentage of any recoveries. The agreement was not consummated, and the Liquidating Trustee
9 informed the Former Shareholders that any further pursuit of the State Court Action is a violation of
10 the automatic stay and the orders of this Court.

11 On January 29, 2019, the Liquidating Trustee filed a motion for issuance of an order to
12 show cause re contempt against the Former Shareholders and their counsel in the State Court
13 Action, Herr Pedersen & Berglund LLP (the “Herr Firm”) [Docket No. 506]. On April 24, 2019,
14 the Court held a hearing on the Liquidating Trustee’s motion.

15 Following that hearing, the Court entered an order granting the Liquidating Trustee’s
16 motion [Docket No. 519] and an order to show cause (the “OSC”) [Docket No. 520] re contempt
17 against the Former Shareholders and the Herr Firm. Among other things, the OSC required the
18 Former Shareholders and the Herr Firm to dismiss the State Court Action. The Liquidating Trustee
19 understands that the Former Shareholders dismissed the State Court Action (it is unclear whether
20 the dismissal was “with prejudice” or “without prejudice”). Following issuance of the OSC, the
21 Liquidating Trustee agreed to seek multiple continuances of the hearing on the OSC (subject, of
22 course, to this Court’s approval) and to postpone seeking damages against the Former Shareholders,
23 in exchange for the Former Shareholders’ assistance in the Liquidating Trustee’s pursuit of
24 litigation on behalf of the Liquidating Trust.¹

25 On December 2, 2019, the Liquidating Trustee entered into a stipulation with the Former
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27 ¹ The Former Shareholders also have agreed not to file any lawsuit (based on any cause of action whatsoever) against
28 the defendants in the State Court Action without seeking express authorization from the Liquidating Trustee.

1 Shareholders pursuant to which the Liquidating Trustee agreed to seek discharge of the OSC in
2 exchange for the Former Shareholders' agreement to continue to provide information necessary for
3 the Liquidating Trustee's pursuit of actions on behalf of the Liquidating Trust. [Docket No. 568.]
4 On December 3, 2019, the Court entered an order approving the stipulation and discharging the
5 OSC.

6 **IV. Potential Insider Litigation**

7 One of the assets of the Debtors' estate is potential litigation claims against the Debtors'
8 former insiders, Alpine and Mr. Degner. The Liquidating Trustee and Alpine/Mr. Degner have
9 entered into a tolling agreement (which expires on January 31, 2020) to provide the parties with an
10 opportunity to resolve this potential litigation consensually and prior to the Liquidating Trustee's
11 commencement of litigation. Although the parties attended a pre-litigation mediation before the
12 Honorable Randall J. Newsome (Ret.) of JAMS in Los Angeles on November 13, 2019, and
13 continued to discuss settlement thereafter, the parties have been unable to reach a settlement to date.

14 In connection with the pursuit of the aforementioned claims against Alpine/Mr. Degner, the
15 Liquidating Trustee has retained Landau Gottfried & Berger LLP as special litigation counsel on a
16 contingency fee basis. On October 22, 2019, the Court entered an order approving the Liquidating
17 Trustee's retention of Landau Gottfried & Berger LLP as special litigation counsel pursuant to the
18 contingency fee arrangement described in the Liquidating Trustee's motion. [Docket No. 566.]

19 **V. Avoidance Actions**

20 On May 31, 2019, the Liquidating Trustee filed nine adversary proceedings against nine
21 separate defendants in this Court, seeking avoidance and recovery of hundreds of thousands of
22 dollars in pre-petition preferential transfers made by the Debtors. The Liquidating Trustee has
23 resolved all but one of those adversary proceedings.

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1 **VI. Conclusion**

2 Based on the foregoing, the Liquidating Trustee respectfully requests that the Court
3 continue the post-confirmation status conference in this case for approximately 120 days. The
4 Liquidating Trustee expects to seek a final decree closing these Chapter 11 cases prior to such
5 continued status conference.

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7 Dated: January 21, 2020

LANDAU GOTTFRIED & BERGER LLP

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9 By: /s/ Rodger M. Landau

10 RODGER M. LANDAU

11 Attorneys for Howard B. Grobstein,
12 Liquidating Trustee

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
LANDAU GOTTFRIED & BERGER LLP, 1880 Century Park East, Suite 1101, Los Angeles, CA 90067.

A true and correct copy of the foregoing document entitled (*specify*): ***Fifth Post-Confirmation Status Report*** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) **January 21, 2020**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (*date*) **January 21, 2020**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Honorable Catherine E. Bauer
United States Bankruptcy Court
Central District of California
Ronald Reagan Federal Building and Courthouse
411 West Fourth Street, Suite 5165
Courtroom 5D
Santa Ana, CA 92701-4593

Susan Goodman
Mesch Clark Rothschild
259 North Meyer Avenue
Tucson, AZ 85701

Travis Easton
Easton & Easton
750 Town Center Dr. Ste 1850
Costa Mesa, CA 92626

Levene, Neale Bender Rankin & Brill LLP
10250 Constellation Blvd Ste 1700
Los Angeles, CA 90067

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) _____ I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

January 21, 2020

Date

Anastasia Vedrova

Printed Name

/s/ Anastasia Vedrova

Signature

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF) (continued):

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